



USAID
FROM THE AMERICAN PEOPLE

PHILIPPINES

ECONOMIC GROWTH

2008



USAID is assisting farmers to consolidate their produce, negotiate for higher prices, and establish lucrative links with institutional buyers in major Philippine urban centers.

(Photo: USAID/GEM)

PHILIPPINES SNAPSHOT

Date of independence: 1946

Population: 88.6 million
(2007 census)

Annual income per person: \$1,170

Source: World Bank Development Indicators 2006

USAID IN THE PHILIPPINES

<http://philippines.usaid.gov>

OVERVIEW

The performance of the Philippine economy has shown notable improvements in the last two years, as reflected by the GDP growth rate exceeding its target, steady improvement in the government fiscal position, rising exports and increasing investments. In the first half of 2007, the country's GDP grew by 7.3 percent and government revenue increased from 14.4 percent of GDP in 2004 to 16.3 percent. Exports grew by 6.6 percent from 2006 to the first half of 2007, while investment approvals increased by 30 percent over the same period.

At the broad level, there is much to be done to sustain and expand upon the economic gains. USAID's economic growth activities promote transparent institutions, better tax collection, efficient and corruption-free customs valuation, and reform of government budgeting and procurement at national and local levels.

PROGRAMS

ECONOMIC REFORMS

USAID supports economic reform efforts that focus on sustaining good fiscal sector performance, and removing barriers to investment and competition. Technical assistance focuses on priority areas such as: reforming policies, regulations, and administrative practices affecting international trade and investment; building capacity of the public and private sectors to enable them to participate effectively in the international trading systems and negotiations; and strengthening activities that support trade liberalization. USAID is also partnering with the Philippine public and private sectors to improve ports, strengthen the inter-island shipping network, and reduce shipping costs by adopting new technologies.

USAID is helping facilitate the Philippine's implementation of its WTO commitments by supporting liberalization of agriculture policy, promoting increased competition and private sector involvement in shipping and telecommunications, strengthening financial market development, assisting the Government to enforce intellectual property rights, and supporting the modification of administrative impediments to business.

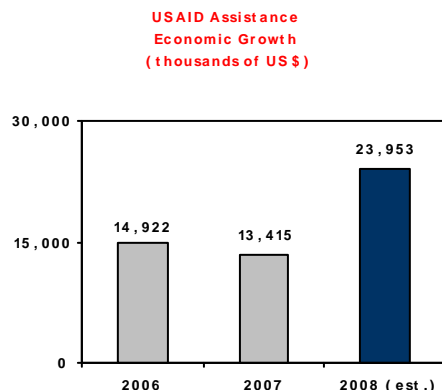


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ANTI-CORRUPTION

Corruption is a problem that impinges on economic growth and democratic values. USAID programs support Government efforts to eliminate opportunities for corruption in government procurement, tax and customs administration, and through money laundering activities. USAID collaborates with civil society groups that are interested in fighting corruption, such as The Asia Foundation, which USAID partners with at the national level and local levels. In the southern Philippines, USAID and The Asia Foundation are working with local governments to help them adopt anti-corruption procedures and activities. One example includes assistance to a southern Philippines city to establish a one-stop shop where businesses can meet all the requirements for renewing permits. In addition to curbing corruption, the reforms helped to cut by a factor of seven the amount of time it takes to renew business permits, helping to attract more businesses to locate in the city.

PEACE AND PROSPERITY

Conflict in the Philippines is jeopardizing the country's economic and social development. The long-standing conflict in Mindanao has roots in the historical poverty and discrimination experienced by Muslims in the southern Philippines. USAID promotes the economic development of Mindanao through infrastructure projects (ports, roads, warehouses, community centers, boat landings, water systems and trading centers) and improved agribusiness competitiveness and the expanded export of targeted commodities, particularly fruits and vegetables. In agriculture, USAID is funding research to promote new technologies that will safeguard the local food supply and increase farmers' incomes. USAID is also helping over 100 banks and rural cooperatives profitably provide loans and deposit services for small entrepreneurs.

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